The role of networks in the internationalization process of Small- and Medium-sized Enterprises

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Abstract

Title: The role of networks in the internationalization process of SMEs

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Aim: The aim of the study is to increase the understanding of the role of networks in the internationalization process of SMEs.

Method: The study applies a qualitative method based on the hermeneutic research tradition and an inductive research approach. A multi-case study research has been conducted, through ten semi-structured interviews. Nine interviews with the upper management at Swedish SMEs, and one interview with a Business Advisor with experience of helping SMEs reach international markets. The empirical findings were thematically analyzed.

Result & Conclusions: Networks play a crucial role and are a key factor in helping SMEs find potential business relationships, which in turn helps them to internationalize. Networks create new opportunities for SMEs, add knowledge and experience, and the use of networks has synergistic effects. This adds value to SMEs and helps them become more attractive and competitive in international markets. To establish business relationships for internationalization, SMEs use different approaches in order to find the right people, as well as they are considering cultural differences in order to develop trust with international actors.

Suggestions for future research: The limitations of the study are the number of interviews on which the study is based, that the study only adopts a Swedish perspective, and the wide range of company sizes included in the definition of SMEs. Suggestions for future studies are therefore to focus on SMEs of the same size, with similar financial capabilities and international experience. Another suggestion is to include SMEs from different cultures and countries, which would enable a deeper understanding of aspects such as trust. Furthermore, it is suggested to conduct a similar study with a sustainability perspective.
**Contribution of the thesis:** The study gives a theoretical contribution by presenting a model, which is based on previous research in combination with the empirical findings of the study. The model shows which parts from previous literature that are confirmed by the study, and contributes with new aspects that are used by SMEs within their internationalization process. These new aspects are; honesty, which is an important part of the trust-building process, and outsourcing, as an approach SMEs use in their internationalization process. The main managerial contribution is that the study gives a directional guide of the importance of various aspects of the internationalization process. In this way, the study can help SMEs to find new ways to establish business relationships. The societal contribution of the study is that the internationalization process of SMEs are important in terms of economy and growth, both at a firm level as well as a national level. Moreover, the study highlights the importance of cultural differences, which helps create a diverse community where differences are accepted.

**Keywords:** SMEs, Business relationships, Networks, Collaboration, Culture, Trust, Internationalization
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1. Introduction

The introduction chapter includes a background of the study, demonstrates the relevance of the research area through a problematization, as well as presents the aim and the research questions of the study. Following, the delimitations and the structure of the study is presented.

1.1 Background

The need for SMEs to reach international markets is continuously growing, but so is the fear of confronting an unknown risk in relation to being small in comparison to big multinational firms in the international field. As SMEs (Small- and medium-sized enterprises) enter international markets, they are unfamiliar with the context. This means that they do not have the knowledge of how to deal with the foreign environment and they do not know how it works. Hence, entering new international markets involves risk (Fregidou-Malama & Hyder, 2015). The amount of available resources and knowledge differ depending on the size of the company, which means that SMEs are limited in their opportunities. In many cases, there is a lack of time, knowledge, money, workforce, and resources that would be required in order for a company to expand and become international. The limitations of SMEs and the challenges they meet will negatively affect them (Stoian, Rialp & Dimitrios, 2017), and exacerbate their already passive behavior (Musso & Francioni, 2014). Nevertheless, it is of great importance that SMEs continue to develop, since it increases their profitability that has an effect on both the economy of the firm as well as the economy of its home country (Musso & Francioni, 2014).

Establishing and maintaining relationships can be difficult with the people we meet through physical meetings and people we have the opportunity to meet on a daily basis. Then having hundreds or thousands of miles between you and a company that you collaborate with or wish to collaborate with may be even more difficult. You as a company may need to identify which possible business relationships are available, find out how to reach them, how to develop trust between parties, and not to forget, there are cultural differences in terms of preferences and perspectives that may affect the outcome. In these situations, networks and business relationships play a crucial role in assisting and supporting SMEs in their process of internationalization. It helps to back them up by
sharing the knowledge and experience that the SMEs need in order to step into these markets or to find possible business relationships that are compatible with their needs.

1.2 Problematization

Because of intensifying globalization, Musso & Francioni (2014) argue that it is getting more and more important for companies to get involved in international business, as they claim that export activities increase profitability. However, to become involved in international business can be easier said than done, since it is hard for a company to know how to reach international markets, especially for SMEs. Due to the smallness of SMEs and their limited knowledge and resources, their internationalization process can be challenging (Laufs & Schwens, 2014; Musso & Francioni, 2014; Stoian, Rialp & Dimitrios, 2017). Since SMEs represent the majority of all enterprises in many countries, their entrance to international markets is important both for the economic growth of the countries but also for the companies themselves (Musso & Francioni, 2014). To overcome problems in the internationalization process originating due to lack of knowledge and resources, business networks and relationships are important (Gilmore, Carson & Rocks, 2006; Pinho & Prange, 2016). We argue that resource constraints make network development with other partners essential for SMEs to enter into the foreign market. Focusing on network relationships, this paper deals with the internationalization of SMEs.

Chetty & Stangl (2010) state that a firm’s network is the link that connects it to customers, government, distributors, competitors, and suppliers. According to Fregidou-Malama & Hyder (2015), networks are useful in having access to resources such as marketing channels, workforce and assistance of governmental organizations, which may have an impact on customers in purchasing services or products. Moreover, Zain & Ng (2006) claim that good interfirm relationships can influence a firm’s market selection, mode of entry, and guide them into foreign markets. Penetrating new markets and finding new clients are considered challenges that can be solved through finding the right network (Ciravegna, Majano & Zhan, 2014).

According to Blackburne & Buckley (2017), one of the most frequent questions that SMEs encounter when entering a new market is how to find the right contact. It can be a challenge to find a good partner on whom a SME can rely and do business by developing a good relationship. Kuhlmeier & Knight (2010) argue that trust plays an important role
in the relationship between SMEs and foreign partners. Seppänen, Blomqvist & Sundqvist (2007) state that trust is one of the most critical success factors in network relationships, since trust between partner firms in a network promotes more open communication, information sharing and conflict management. However, it is a challenging job to find the right business relationship (Blackburne & Buckley, 2017), and Seppänen et al. (2007) and Kuhlmeier & Knight (2010) claim that the role of a partner is critical to create trust within a network.

What is not discussed is how SMEs work in order to find and evaluate possible firms to develop business relationships with. In addition to that, challenges such as issues like handling trust within their internationalization process is not mentioned. Moreover, network relationships are argued to help companies guide themselves in foreign markets (Lindqvist, 1988; Zain & Ng, 2006). Still, the question is what role relationships and networks have in this process.

1.3 Aim of the study
The aim of the study is to increase the understanding of the role of networks in the internationalization process of SMEs.

1.4 Research questions
- What is the role of networks in establishing business relationships for internationalization?
- How do SMEs establish business relationships for internationalization?

1.5 Delimitations
In this study, we focus on SMEs based in Sweden. We adopt the European Commission’s SME definition, which states that SMEs includes three size classes of companies; micro enterprises, small enterprises, and medium enterprises (Mateev, Poutziouris & Ivanov, 2013). This means that we focus on companies with a number of employees between 0-250 employees. Furthermore, the study is limited to focusing on establishing business relationships for collaboration and developing trust.
1.6 Structure of the study

The study follows the structure that is presented in Figure 1. Chapter 2, literature review, presents previous literature on the field with the aim to create a better understanding of the topic we are studying. Chapter 3, methodology, describes how the study is conducted. Chapter 4, empirical findings, handles the given responses from the conducted interviews. Chapter 5, analysis, compare previous literature with the empirical findings of the study. The final chapter, conclusion, gives an answer to the aim and the research questions, as well as theoretical and practical contributions, limitations, and suggestions for future studies are presented. Although the chapters are presented in the given order, all parts are interconnected.

![Figure 1: Structure of the study (Source: Own)](image-url)
2. Literature Review
In this chapter, previous literature in the research field is presented, with the purpose to explain important concepts and theories. The literature review covers five main segments; internationalization of SMEs, the importance of networks and business relationships, finding business relationships for collaboration, creating mutual trust, and finalizes with a theoretical framework that summarizes the chapter.

2.1 Internationalization of SMEs
Unlike a few years ago when mainly multinational firms competed internationally, we are now living in an era of globalization where companies act internationally irrespective of their size (Pinho & Prange, 2016). Thus, the internationalization of SMEs is now a current topic in the research field, especially in terms of challenges and obstacles they face. According to Musso & Francioni (2014), SMEs seem to be non-systematic and having a passive behavior regarding their international market selection. Laufs & Schwens (2014) state that the characteristics of SMEs influence their behavior towards commitment to foreign markets and how to deal with risks. Lack of resources and knowledge of SMEs negatively affects them and their opportunities for internationalization (Stoian, Rialp & Dimitrios, 2017). According to Blackburne & Buckley (2017) it is also challenging for SMEs to know how they can deal with customers, how to handle their money, how to locate themselves, and how to get their market research plan into action.

Although SMEs have received a lot of attention within the marketing field lately, there is still a clear distance between theoretical bases and studies of SMEs and their marketing behavior in practice (Bocconcelli, Cioppi, Fortezza, Francioni, Pagado, Savelli & Splendiani, 2018). Thus, Bocconcelli et al. (2018) claim that future research should focus on SMEs and the role of resources, relationships and networks. It is also argued that there is a lack of research that provides an in-depth understanding of how SMEs relate to their markets, in terms of globalization (Bocconcelli et al., 2018). Fregidou-Malama and Hyder (2015) argue that SMEs confront risk when getting into an unknown international market without being familiar with the foreign environment and knowing how to deal with it and how it functions. Zain & Ng (2006) claim that network relationships can be useful in guiding a company into foreign markets. However, Johanson & Vahlne (1977) state that
a common problem for SMEs is that they do not have the time to obtain sufficient knowledge or fully develop their international strategies before it is time to implement.

2.2 Importance of business relationships and networks

Networks and relationships are considered particularly crucial and important in the context of SMEs, due to limited resources and lack of knowledge (Gilmore, Carson & Rocks, 2006; Pinho & Prange, 2016). According to Chetty & Stangl (2010), international business happens in the context of a network setting, which is why firms rely on networks in doing business. Various researches suggest that in learning about internationalization, SMEs tend to rely on the network relationships they have (Chetty & Stangl, 2010). Furthermore, Pinho & Prange (2016) claim that SMEs’ networks and relationships affects their international performance, and a well-developed network affect the international performance of an SME in a positive manner. In addition, Chetty & Holm (2000) argue that networks can have a positive effect on companies in terms of finding new opportunities, obtaining knowledge, learning from experiences and taking advantage of synergistic effects. Gilmore et al. (2006) state that it is of great importance for companies to have network contacts in competitive environments, since network contacts in many cases consist of people with different skills and potentials to support.

Besides networks and relationships being important for SMEs in terms of their performance on international markets, it also has an effect on their internationalization process (Fernhaber & Li, 2013; Ciravegna et al., 2014; Pinho & Prange, 2016). It is argued by Ciravegna et al. (2014) that internationalization is an act made by people on a managerial level, an act involving people whose skills affect the outcome of the internationalization process. Moreover, network relationships are stated to motivate firms and trigger their intention to enter international markets (Zain & Ng, 2006). Referring to previous research, Johanson & Johanson (2014) observe that the early international expansion of SME firms has a clear link to business relationships. More particularly, Hohenthal et al. (2014) claim that one single business relationship can play a critical role in their foreign entry. Larson (1992) states that network relationships can help companies in both finding and evaluating potential partners, creating mutual trust, and provide paths to international entry.
According to Konsti-Laakso, Pihkala & Kraus, (2012), without having network partners it would be hard and challenging for SMEs to develop. Lefebvre, Raggi, Viaggi, Ljungström, Minarelli, Kühne, & Gellynck (2014) claim that through taking part in networks, SMEs gain in supplementing the base of knowledge and the internal limited resources. This assists in overcoming the barriers they encounter if they only depend on their own for development (Lefebvre et al., 2014). SMEs make use of network relationships and alliances to gain more access to capabilities that are diverse (Van Gils & Zwart, 2004). It can be asserted that in order to develop, SMEs should have a greater extent to respond to possibilities that would allow them to enroll in networking relationships (Konsti-Laakso et al., 2012). It is probable that SMEs need the crucial contacts for self-reliant formation of a network, and they take advantage of the facilitation of external networks (Konsti-Laakso et al., 2012).

Lefebvre et al. (2014) propose that the choice of SMEs to enter a network that has particular characteristics is bounded by the nature and kind of resources that the SMEs are searching to get access for. Moreover, Michaelides, Morton, Michaelides, Lyons & Liu (2013) state that SMEs support their employees to proactively engage within collaborative networks only when they see sharing of valuable information that would actually add upon their existing skills and competencies. Some of the main barriers that SMEs encounter are the lack of specialization, expertise and resources needed for development (Konsti-Laakso et al., 2012).

SMEs confront the demand to take part in networks, to be able to obtain success and survival (Konsti-Laakso et al., 2012). Moreover, Narula (2004) states that SMEs limited accessibility to extrinsic resources, and not having access to technological tools are the reasons why SMEs might be having some challenges with global network collaborators. Since technology in the global economy is becoming more complicated, and useful information is becoming harder to find, Michaelides et al. (2013) state that cooperation among companies plays a major role in their success. Hence, SMEs need to connect participants in a faster and more effective way through collaboration networks, to enhance capabilities and problem solving (Michaelides et al., 2013). According to Gulati (1999), firms that participate in networks that help with finding alliances may have the opportunity to expand their set of alliances. Networks influence the range of which firms may have access to knowledge about potential partners (Gulati, 1999).
2.3 Finding business relationships for collaboration

To select partners is a critical factor for success in foreign markets (Hitt, Dacin, Levitas, Arregle & Borza, 2000; Holmberg & Cummings, 2009). Kontinen & Ojala (2011) mention the international opportunity as the chance to conduct exchange among foreign new partners, examples of such exchanges that are conducted are among customers, franchisees, distributors, contract manufacturers, licensees or joint venture partners. According to Gulati (1999), interfirm network has the ability to assist a firm in identifying partners that can be perceived as possible for alliances. A network can guide and affect the selection of possible partners that are available to a firm and can affect in being viewed as a possible partner to other firms (Gulati, 1999). Moreover, Freeman, Edwards & Schroder (2006) state that small firms that are successful in international markets and that has succeeded early and rapidly do so by collaborating rather than competing with large foreign companies, and by using multiple business relationships.

2.3.1 Challenges in finding business relationships

According to Karagozoglu & Lindell (1998), one of the main barriers that SMEs face in their internationalization process is to find suitable business relationships abroad. Although partnerships such as international alliances, subsidiaries, and joint ventures offer advantages, only a small amount of all SMEs in Europe have international activities (Arranz, Arroyabe & de Arroyabe, 2016). The reason for this is according to Arranz et al. (2016) obstacles and barriers in searching and evaluating the right partner. Michaelides et al. (2013) argue that even though it is not impossible for SMEs to find business relationships for collaboration, they lack the experience in solving practical problems when collaborating with foreign actors.

Lin & Chaney (2007) state that commonly SMEs possess limited information web that could not be sufficient when seeking a suitable local partner. If they found a potential partner, they would still be newly introduced and a newcomer in the market, and they would still lack the reputation and the ability to provide credibility for projects of their investments or resources to attract potential partners (Lin & Chaney, 2007). There is according to Vrgovic, Vidicki, Glassman & Walton (2012) a lack of direct communication and the conditions facilitating it among SMEs and potential business relationships. That is why subjects of intermediary are natural to be considered when there is a lack of direct communication towards possible business relationships (Vrgovic et al.,
Mercandetti, Larbig, Tuozzo & Steiner (2017) state that it can have dramatic consequences for SMEs with scarce resources to choose the wrong partner for collaboration. It is also mentioned by Lee, Park, Yoon & Park (2010) that some SMEs could be unwilling to reveal specific information to potential business partners, which makes it hard for them to collaborate. When information is unrevealed, it makes it harder for participants within a network to evaluate the capabilities of the SME that is unwilling to share their information (Lee et al., 2010). Konsti-Laakso et al. (2012) claim that shifting from closeness to openness in activities anticipate that various potential partners would be offered by the organizational value network for development. The definition of value network is a network of opportunities, where potential business relationships and several actors can be identified by an organization (Konsti-Laakso et al., 2012).

2.3.2 Practical procedures in finding business relationships

According to Holmberg & Cummings (2009), the first step of any collaboration is analyzing potential partners, with the purpose to identify the benefits of different partners and to be able to make a suitable choice. Dacin, Beal & Ventresca (1999) state that selecting a partner is not something that just happens, several aspects of firm behavior are involved, such as political, economic, and social aspects. Contrariwise, Spence, Manning & Crick (2008) claim that collaborations between partners are rather an unplanned decision than a planned decision, since collaborations tend to be managed informally. In managing collaborations, the focus is on communication and having an open environment instead of strictly planning every decision that is made (Spence et al., 2008; Costa, Soares & de Sousa, 2016). However, Johanson & Vahlne (2003) support Dacin et al. (1999). Johanson & Vahlne (2003) state that it might seem easy to find partners and to build a network, but in reality, it is a complex and sensitive process. Building business networks requires a lot of planning and responsiveness towards partners and their interests, which in turn demands both resources and time (Johanson & Vahlne, 2003).

An opportunity for businesses that are newly established to find possible business relationships and learning about a market is to join clusters (Novelli, Schmitz & Spencer, 2006). Clusters offer a chance for SMEs to acquire collective efficiency that is advantageous for competitiveness (Gerolamo, Carpinetti, Seliger & Galdamez, 2008). Collective efficiency is according to Schmitz (1999) the external economies interaction and joint actions that occur between network partners.
According to Wong & Ellis (2002), it is argued in previous research that partner selection is based on objective information that companies gather through market research. As an example, Geringer (1991) presents some criteria for screening and evaluating a large number of potential partners through a linear process based on market research. However, Wong & Ellis (2002) claim that this is not what is happening in practice, since their study shows that market research is primarily not used in searching for potential partners. The other way around, managers seem to use existing social networks in terms of business, familial and friendship ties as basis for identifying potential partners (Wong & Ellis, 2002). Mercandetti, Larbig, Tuozzo & Steiner (2017) suggest that SMEs and startups firstly use suggestions from their own existing network in order to find partners that they can collaborate with, then they search in events and fairs.

### 2.3.3 Cultural and contextual differences

When companies are trying to find foreign partners, it is according to Lu & Beamish (2001) advantageous to focus on partners with local knowledge of the international market. However, Hitt et al. (2000) claim that it is important to understand the difference between partners from emerging and developed market contexts. Individuals from emerging markets tend to be more willing to share expertise, and they emphasize financial assets, technical capabilities and intangible assets to a higher extent than partners from developed contexts (Ibid.). On the other hand, people from developed contexts value local market knowledge, access, and unique competencies in their choice of partners (Ibid.).

Arranz et al. (2016) claim that one way to prevent conflict and the appearance of disagreement is to build relationships based on planning, information and control systems. In the process of finding suitable partners, Schreier, Scherrer, Udomkit & Farrar (2019) state that it is crucial to be aware of the existence of cultural differences, in terms of preferences and perceptions that may differ between business partners from different countries and contexts. For example, the perception of trust is one aspect that differs between cultures, especially between individualistic and collectivistic cultures, a differentiation that is important for managers to understand in the process of developing relationships and finding partners (Gehani, 2000; Schreier et al., 2019). Thus, the following part of the literature review will deal with research conducted on the importance of trust concerning foreign relations, and how to create trust between parties.
2.4 Creating trust

According to Street & Cameron (2007), network formation is led by high levels of trust that exists among potential partners. The establishment of a business in a foreign market requires a firm to step into new relationships and leave the ones that are unbeneﬁcial, they need to nurture relationships that are long termed that exists with network partners in order to be able to cultivate trust and commitment (Tang, 2011). Communities of networking tie together social relationships, improve the trust relationship as well as binding the reliance between SMEs (Lin & Lin, 2016). The process of market entrance and performance of an SME can be improved by having trust in its relations (Shahmehr, Khaksar, Zaefarian & Talebi, 2015). Moreover, trust, ﬁrm reputation, and customer purchase intention are enhanced by networks (Lin & Lin, 2016). In addition, Fregidou-Malama & Hyder (2015) mention the country of origin reputation and its effect on developing primary trust and its importance in the establishing of relationships when having a new market entrance. Trust comes to be valuable economically to a ﬁrm when it is affecting the SMEs manager or owner’s capacity to act and respond to opportunities that could arise (Brunetto & Wharton, 2007). According to Considine (2015), the amount of literature on trust and trust building in the context of international relations is expanding rapidly, involving different assumptions and aspects of the concept. Thus, we need to deﬁne trust and clarify how trust can be established.

2.4.1 The meaning of trust

According to Brunetto & Wharton (2007), a deﬁnition of trust is when both sides have conﬁdence in each other, purpose and reasons in operating situations that involve risk. Furthermore, in previous research, trust is described in the context of uncertainty. More speciﬁcally, it is deﬁned as one actor’s response to uncertainty towards the other party’s behavior (Adler, 2001; Fink & Kessler, 2010). Freeman et al. (2006) claim that due to difﬁculties in information asymmetry, geographical distance and ascertaining capabilities, international relationships are subject to uncertainty, making it difﬁcult to create mutual trust between partners. Hoffman (2002) state that trust can be deﬁned as the willingness to take risks originating in the behavior of others, and to believe in other people doing their best and what is right. Although the literature on trust and international relations at ﬁrst sight seems to be ﬁlled with different opinions and much variation, Considine (2015) claim that there are some common themes and portrayals of trust. One of these common portrayals of the concept is the idea of trust being a rational choice,
which means that actors make strategic decisions based on preferences and external outcomes that influence whether a potential partner is considered trustworthy or not (Kydd, 2000; Considine, 2015).

Trust seems to be an important factor in relationships, especially in terms of learning and gaining knowledge (Madhok, 2006; Vahlne & Johanson, 2013). In addition, Kydd (2000) argues that mistrust and fear is a common cause of conflicts between international actors. In a dyadic relationship, trust makes it possible for one party to learn and predict the behavior of the other party, it affects the degree of uncertainty, and it helps to create commitment (Vahlne & Johanson, 2013). Trust is hard to build since it is a time- and cost consuming process (Madhok, 2006; Vahlne & Johanson, 2013). In addition to the time- and cost consuming aspect, Boersma, Buckley & Ghauri (2003) also claim that commitment between parties is not established until late in the process.

However, if a company puts in the effort that is required within this process and both trust and commitment arise, Morgan & Hunt (1994) state that the outcome can promote efficiency, productivity and effectiveness. The basis for self-commitment is built by trust (Fink, Harms & Kraus, 2008). According to Mercandetti et al. (2017), efficiency, predictability and collaboration’s efficiency are enhanced giving the fact that firms may count on previous experiences and trust. Correlations that stand out significantly are such between trust and the commitment to a relationship (Marco Lajara & Garcia Lillo, 2004). As mentioned by Brunetto & Wharton (2007), in examining trust, previous approaches have failed to recognize that trust does not occur among firm. Instead, it occurs among individuals.

What must not be forgotten is that trust always involves risk. Trust and risk come together, but still they cannot be reduced to each other since they are separable constructs (Hoffman, 2002). It is argued by Hoffman (2002) that all efforts to cooperate involves risk, and it thus also involves trust. Moreover, the dilemma of risk and trust gets even more challenging in an international relations context, since international relations have unique conditions that differ from domestic or personal relations (Ruzicka & Keating, 2015).
2.4.2 The cultural perception of trust

In the context of SMEs, Fink & Kraus (2007) claim that trust-based relationships have successful outcomes and a positive effect on the companies involved. Udomkit & Schreier (2017) state that market insights and expertise in networks can arise through mutual trust and commitment towards each other. To establish trust-based relationships, active measures which aim to get to know each other better and developing an open approach are required (Fink & Kraus, 2007). According to Udomkit & Schreier (2017), the ultimate level of trust in networks and relationships is “friendship”. However, the meaning and the perception of friendship seem to vary between cultures, which affects SMEs and their process of internationalization (Schreier et al., 2019).

Schreier et al. (2019) give an example by explaining how people from Switzerland, which is an individualistic country, do not seek friendship as an important quality aspect of networks. Contrariwise, people from Thailand, which is considered as a collectivistic country, see friendship as a goal that needs to be achieved before they feel enough trust to be willing to interact with network partners (Schreier et al., 2019). Gehani (2000) claim that these differences are rooted in the values and beliefs of the specific culture. To establish mutual trust and to create openness between both parties, Fink & Kraus (2007) claim that it is beneficial to learn specific knowledge about the other party, such as languages and social codes.

2.4.3 Trust-building activities

Trust is an important factor in relationships; it can induce successful outcomes and have a positive effect for parties that are involved (Madhok, 2006; Fink & Kraus, 2007; Vahlne & Johanson, 2013). However, it might be a challenge to transfer theory into practice and know how to establish trust within relations with foreign partners. Malys & Fonfara (2018) claim that there are certain stages of international relationships development that are more important in the context of trust than others, and suggest three stages of trust-building activities for companies to follow. The first step involves activities such as collecting references from overseas markets, receiving recommendations from existing partners, getting certificates, and taking industry-specific actions such as participating in conferences etc. The second step takes place during the initial cooperation, and involves communication at various organizational levels. The third step handles the continuation of cooperation, and involves the history of reliable and honest business activity.
As mentioned by Deelmann & Loos (2002), SMEs can use trust in establishing or reinforcing a relationship with its customers or a business partner. According to Fink, Harms & Kraus (2008), many authors have shown that in international collaborations, trust and self-commitment support the operation and cooperation performance. The better the trust on an interpersonal level, the better the level of interfirm trust. Nevertheless, trust that is on an interpersonal level cannot be used as an intermediary to interfirm trust by cause of other factors that play an important role, such as the social context and the distinct features that each firm may have, for example rules and culture (Brunetto & Wharton, 2007).

Sherer (2003) argues that the importance of trust has less research examining it, in the context of decision makers in SMEs that participate actively in different types of activities in networks. Michaelides et al. (2013) state that trusting one another is an essential trait that makes it easier for members within the same collaboration network to share knowledge and information. This approves concluding that trusting the competencies, capabilities and honesty of other members intensifies the participation level. Hence, this helps members having the urge to participate in current and future activities with their knowledge or personal experience (Michaelides et al., 2013). Furthermore, Lee et al. (2010) state that mutual trust is essential in cooperative relationships to assure its success. An intermediary can provide the basis for trust but members have to develop it by making continued efforts (Lee et al., 2010). Michaelides et al. (2013) claim that collaborating across geographical, organizational, cultural and time barriers demands organizational support, training and experience. Thus, making the practical implication of simultaneous and non-simultaneous current web technologies and other means of communication essential. Furthermore, it is also critical to establish and maintain trust among collaborators (Michaelides et al., 2013).

### 2.5 Theoretical framework

The given framework in Figure 2 is a summary based on the given theories, showing the factors and elements that influence and that are closely associated with the process of internationalizing and the networking and business relationships that SMEs go through. In the given figure, we have identified the challenges that SMEs encounter and consider when thinking about internationalizing such as lack of resources needed to fund the operation and lack of knowledge about internationalizing (Gilmore et al., 2006; Pinho &
Prange, 2016; Stoian et al., 2017). Moreover, being small in comparison to big companies that are operating internationally (Laufs & Schwens, 2014; Blackburne & Buckley, 2017) and the cultural differences such as perspectives values and behaviors and not being familiar or understanding them (Hitt et al., 2000). Finding the right business relationship for collaboration is considered a challenge for SMEs (Karagozoglu & Lindell, 1998; Arranz et al., 2016). Since SMEs are small, they fear that they cannot afford the losses or consequences of choosing the wrong business relationship. The benefits that networks and business relationships can provide for SMEs are the new opportunities that SME can find in joining a network and being introduced to a business relationship (Chetty & Holm, 2000), acquiring knowledge from others (Gulati, 1999; Lefebvre et al., 2014), and gaining and learning the experience that they need or lack (Chetty & Holm, 2000). Moreover, joining a network can motivate and trigger SMEs to go international (Zain & Ng, 2006) and have a synergistic effect (Chetty & Holm, 2000).

One of the main themes that are to be considered and that are influencing networks and business relationships are the approaches that SMEs use to establish business relationships. This can be done by identifying the benefits that could be suitable for them from this relationship (Holmberg & Cummings, 2009), having a plan on how to do it (Dacin et al., 1999; Johanson & Vahlne, 2003), joining a cluster (Novelli et al., 2006; Gerolamo et al., 2008), doing a market research (Wong & Ellis, 2002), relying on social networks (Wong & Ellis, 2002; Mercandetti et al., 2017), or joining and attending events and fairs (Mercandetti et al., 2017). The second main theme is trust and the elements that are related to it, such as commitment (Tang, 2011; Vahlne & Johanson, 2013). Being committed to the relationship can develop trust while geographical distance may affect trust negatively due to lack of communication or misconceptions (Freeman et al., 2006). Trust also takes time to build why it is considered time- and cost-consuming (Madhok, 2006; Vahlne & Johanson, 2013). Moreover, it happens or occurs between individuals or decision-makers and not firms or entities (Brunetto & Wharton, 2007), it also includes taking the risk (Hoffman, 2002) to trust or mistrust (Kydd, 2000). The third theme is culture and the elements related to it as the cultural values (Hitt et al., 2000), preferences (Schreier et al., 2019) and perceptions (Gehani, 2000; Schreier et al., 2019) that may differ from one market or culture to another, and that are considered crucial to understand when thinking of conducting business with a new country or market.
Figure 2: Aspects affecting the internationalization process of SMEs (Source: Own)
3. Methodology
In the following chapter, the process of how the study was conducted is described, as well as the research method is motivated. This chapter describes ontology and epistemology, research tradition, qualitative research method, research approach, research design, the process of collecting articles, selection of firms, the way of conducting the interviews, presentation of respondents, thematic analysis, ethical principles, and quality criteria.

3.1 Ontology and Epistemology
Before we can describe how this study was conducted, we need to discuss two key terms that handle the way we understand and perceive reality; ontology and epistemology. In qualitative research, ontology is about the meaning of concepts, definitions of terms that we use and what is inherent and important within these concepts (Goertz & Mahoney, 2012). To apply this to our study, we need to think about questions such as "What is trust?", or "What is a business relationship?". Goertz & Mahoney (2012) state that a qualitative way of answering questions about definitions and meanings is to present a list of attributes or characteristics that aim to explain the meaning of it. However, there are two different views contradictory to each other, discussing ontology and epistemology and how it should be understood (Bell, Bryman & Harley, 2019). In terms of ontology, there is an objectivist, and a constructionist point of view. Bell et al. (2019) explain objectivism as a position where the reality is the same, independent of the observer. The alternative ontological position is constructionism, where the meaning of concepts is dependent on humans; it is an objective phenomenon (Bell et al., 2019). From this standpoint, realities are socially constructed.

This study embraces a constructionist ontological approach. Whether we discuss the meaning of networks, business relationships or trust, we believe that our point of view and our way of describing them influence the reality of these concepts. Moreover, we assume that the phenomenon of this study are changing due to human interaction, and how the respondents choose to answer our questions and describe their situation will probably be affected by the situation, the environment, as well as our presence. Hence, this study was conducted through a constructionist ontological approach, where we are aware of how the reality presented is socially constructed and influenced by our contextual view.
Epistemology is explained by Bell et al. (2019) as the way we gain knowledge. Ontology and epistemology are closely related, and a given ontological position will according to Bell et al. (2019) lead to a certain epistemological position. Since we have adopted a constructionist ontological approach within this study, the logical way of gaining knowledge would be to use observations or interviews in order to understand something. Thus, this study is based on the epistemological approach of interpretivism. By embracing interpretivism, we as researchers act as social actors where we interpret social roles and the meaning given to these roles (Bahari, 2010). Interpretivism goes hand in hand with qualitative research methods such as observations or interviews, since the interpretivist perspective assume that human behaviors need to be seen and experienced in order to be understood (Bahari, 2010). In this study, we want to understand how individuals in SMEs perceive the role of networks, which requires us as researchers to meet these individuals to experience and interpret their social roles and their context. Thus, our approach is in line with the interpretivist perspective of epistemology (Bahari, 2010).

3.2 Research tradition

The research tradition of a study has a significant role in its quality and credibility, since it affects all stages of the research process (Saunders, Lewis & Thornhill, 2016). This study is based on the hermeneutic research tradition, where the focus is on interpretation and understanding (Gillan, 2008). Since the aim of this study is to increase the understanding of a process instead of finding an absolute truth or explaining a phenomenon, the hermeneutic approach is the most suitable approach due to its nature, which according to Gillan (2008) is based on the understanding of contexts and ideas in social movements. To increase the understanding of something and to make interpretations requires flexibility, why the hermeneutic approach with its credible, rigorous and creative aspects is appropriate (Paterson & Higgs, 2005). There is a common denominator between the hermeneutic research tradition and qualitative studies, namely the textual and interpretive nature that brings them together (Kinsella, 2006). Thus, with the basis in the hermeneutic approach, a qualitative research design has been used within this study in order to collect empirical data.

3.3 Qualitative research method

In conducting the study, a qualitative research method has been used through semi-structured interviews. According to Lune & Berg (2017), qualitative research focuses on
meanings and concepts at a contextual level, which suits our study as we want to understand the situation of individuals as well as their experiences and perceptions of their social reality. Furthermore, Birkinshaw, Brannen & Tung (2011) claim that the number of studies using qualitative methods within the field of international business is relatively low, which is a problem since qualitative methods can increase the understanding and knowledge from institutional, cultural, as well as organizational perspectives.

3.3.1 Semi-structured interviews

Interviews are according to Rowley (2012) the most common method in qualitative research, and gives an interviewer the opportunity to get an understanding of another individual in terms of attitudes, beliefs, behaviors or experiences. Based on this statement, we argue that interviews are appropriate for this study due to its research tradition and the aim of the study. We chose to use semi-structured interviews for collecting empirical data, which is a flexible and versatile method (Kallio, Pietilä, Johnson & Kangasniemi, 2016). In semi-structured interviews, the interviewer has an interview guide to follow but at the same time, it is open enough to allow improvisation and follow-up questions that may appear during the interview based on verbal and non-verbal expressions made by the interviewee (Kallio et al., 2016). Semi-structured interviews vary a lot in shape as well as number of questions and degrees, however, it is recommended by Rowley (2012) to be based on six to 12 well-chosen questions, which in turn should have two to four sub-questions that the interviewer use if they are considered needed. We had this recommendation in mind when designing our interview guide, which in its final form contained 5 start-up questions, 7 main questions, and 15 sub-questions.

Our questions for the interviews were formulated and based on the literature review, which we used to identify themes and important aspects. While formulating the questions, we made sure that we did not have any leading questions. Moreover, we chose to mostly use "how"-questions and to avoid "why"-questions, since Becker (1998) states that "why"-questions can make the interviewee feel questioned and uncomfortable. In addition, we formulated questions that were open-ended, which means that the questions require more than a yes/no answer, and the interviewee has to develop their answers (Gill et al., 2008). As recommended by Gillan et al. (2008), we began the interviews with some easy answered questions such as questions about position and tasks at the working place,
to get the communication going before we proceeded with some more difficult topics. The interview guide with questions is presented in Appendix 1.

3.4 Research approach

Research often distinguish between two kinds of research approaches, inductive and deductive approaches. The deductive approach is common in experimental and hypothesis testing research, where the investigators have preconceptions of the data collection that forms the basis of the study (Thomas, 2006). Contrary, the inductive approach follows a reverse procedure, where research findings emerge from the common themes and patterns inherent in the raw data (Thomas, 2006). This study follows an inductive research approach, with the purpose to find links between the empirical findings and previous theories, and to develop a model based on the experiences of the interviewees. These kinds of purposes are according to Thomas (2006) common in the inductive analysis approach. Moreover, our intention is to take each individual’s unique expression into account, which requires an inductive approach (Jacobsen, 2017). When following an inductive approach, it is according to Jacobsen (2017) important to have an open mind and objective attitude, to reduce the risk of limiting the information collected. In order to meet this, we have to the extent possible, tried not to control the interviewees or allow our preconceptions to influence the interview context. The objectivity and open attitude that characterize the inductive approach are often associated with qualitative research methods and the hermeneutic approach (Jacobsen, 2017). Thus, this confirms our choice of research approach as well as its relevance to our study.

3.5 Research design

In the field of qualitative research, there are a number of research designs that are possible to use in order to understand social phenomena in its natural setting, such as action research, case study research and ethnography (Darke, Shanks & Broadbent, 1998). In this study, a case study research has been conducted, with a multiple-case design. A multiple-case design allows researchers to produce realizable results by investigating a plurality of cases (Saunders, Lewis & Thornhill, 2016), and make a cross-case analysis by comparing a certain phenomenon in diverse settings (Darke et al., 1998). By using a multiple-case design, we have been able to investigate and to increase the understanding of Swedish SMEs and their internationalization process. We have had the opportunity to compare their particular cases and to interpret how they are similar, as well as how they
differ from each other. By using a multiple-case design instead of a single-case design, our findings are strengthened through information from a variety of sources. As Darke et al. (1998) state, a multiple-case design provides multiple dimensions of the same phenomenon. This enables us to discern patterns in how different SMEs perceive the role of networks and trust in their internationalization process, as well as how they establish business relationships with international actors.

3.6 Process of collecting articles
To establish a theoretical base and gain knowledge about the research field, we had to find scientific articles. This is an important step in the research process, since new knowledge is created through a cumulative process of interpretation of existing knowledge in combination with new ideas and discoveries (vom Brocke, Simons, Niehaves, Riemer, Plattfaut & Cleven, 2009). To find relevant and useful articles, we used keywords such as internationalization, business, SMEs, barriers, challenges, relationships, networks, and trust, in scientific databases as Google Scholar, Scopus, Science Direct, and Emerald. In the initial phase of the searching process, we mainly focused on articles that handled barriers and challenges that SMEs faced within their internationalization process. We found that network relationships were difficult for these companies to establish, so we further specified our search to focus on articles about networks and relationships in terms of how they are developed and what impact trust has on the process. According to Torraco (2005), authors need to systematically search for both old and recent literature to gain knowledge about how the research field has changed over time. Thus, we have tried to create a reference list containing articles with a variation in age, why our oldest article is from 1977 and the most recent article is from 2019.

3.7 Selection of firms
Our sample frame of firms consisted of 17 Swedish SMEs that all have experience in entering international markets. To find these companies we made some research, online and within our own personal network. For instance, we got some companies recommended to us by a contact at the Swedish Chamber of Commerce, since that person has great knowledge and insight in Swedish SMEs, and which firms that could be useful to our study. We contacted these 17 companies by email asking if they would like to participate in our study, of which ten replied and agreed on having an interview. However, one SME withdrew from the study at a late stage, which resulted in us having to add one
respondent that differ from the rest. This respondent works as a Business Advisor, and has a different insight and comes from another context than the other nine respondents. However, we believe that this was a positive contribution to the study, as this respondent has a lot of experience in helping Swedish SMEs to internationalize, which made it possible for us to compare the wide and more general ideas of this respondent with the rest.

Using this kind of method to select respondents for the study is considered as a comfort selection of respondents. A comfort selection of respondents is described by Bryman & Bell (2017) as a selection based on investigation objects that are close at hand. We chose this kind of selection because it gave us the opportunity to find respondents in the easiest way possible. As Bryman & Bell (2017) state, a comfort selection is a time- and cost saving, which is beneficial in research with a limited period of time.

3.8 Conducting the interviews

Ten semi-structured interviews were conducted in this study. Six of them through face-to-face meetings at the interviewee’s workplace. Conducting interviews in a place where the interviewees feel comfortable can be of great importance to the outcome of the interview (Gill, Stewart, Treasure & Chadwick, 2008). Four of them were conducted through video meetings or telephone. The interviews ranged in length from 26 to 50 minutes, resulting in an average time of 35 minutes. To find the right people within the companies for the interviews, we contacted each company, described our purpose with the study to get in contact with the right person who had been involved in their internationalization process. We only informed about the purpose of the study, and the topics of the research questions, but the respondents were not given the specific interview questions beforehand. We made this choice because we wanted the interviewee’s spontaneous answer to the question.

Before the interview began, we informed the interviewees about their ethical rights (see 3.11 Ethical Principles), and asked for their approval to record the interviews. All interviewees approved, which was beneficial for us. By recording the interviews, it was possible for us to be present in the situation, to focus on listening and asking follow-up questions instead of taking notes. We also got the time to observe the context as well as the body language of the interviewee. Recording the interviews was also advantageous
by enabling it for us to reproduce the interview in a better way (Yin, 2007). It gave us the possibility to present accurate quotes from the interviews and to transcribe the interviews, which is a significant part of coding and thematizing the empirical material that was collected (Bryman & Bell, 2017).

During the interviews, we chose to use silence from time to time. To be silent and not rush to the next question immediately gives the respondent time to reflect, and is according to Kvale (1997) a useful tool when the researcher wants the respondent to further develop otherwise brief responses. We believe that this was useful, since we noticed, in the situation itself and when we were listening through the recordings afterward, that it caused the respondents to break the brief silence that arose by developing his or her answer.

3.9 Presentation of respondents

Below is a presentation of all respondents. Table 1 gives a summary of the respondents, what kind of communication that was used in order to conduct the interview, what position the respondent has within the company, what international markets the specific SME has entered so far, as well as the number of employees of the company. Then, a more detailed description of each respondent is presented.

<table>
<thead>
<tr>
<th>Respondent 1 (R1)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person</td>
<td>CEO</td>
<td>Europe, North America, parts of Asia</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 2 (R2)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person</td>
<td>CEO</td>
<td>Finland, soon Norway</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 3 (R3)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video meeting</td>
<td>CEO</td>
<td>UK, soon Finland</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 4 (R4)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person</td>
<td>CEO</td>
<td>Finland, Norway</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 5 (R5)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>CEO</td>
<td>Europe, China, Africa</td>
<td>68</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 6 (R6)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person</td>
<td>CEO</td>
<td>Norway, Netherlands, the UK, Middle East, Korea, Australia, the US</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 7 (R7)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person</td>
<td>MD</td>
<td>More than 70 countries</td>
<td>180</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 8 (R8)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>MD</td>
<td>France, the US</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 9 (R9)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person</td>
<td>Sales and Marketing Director</td>
<td>More than 60 countries</td>
<td>110</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Respondent 10 (R10)</th>
<th>Kind of communication</th>
<th>Position</th>
<th>International markets they have entered</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>Business Advisor</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*Figure 3: Table of respondents (Source: Own)*
**Respondent 1**

Respondent 1 is the CEO of a manufacturing company with 19 full time employees. The company has been operating for almost 20 years and has a background as a research company. Nowadays, they are working with manufacturing a material, as well as they are working with research and development to some extent. They are currently selling their products to the industrialized parts of the world, mostly Europe, North America, and the developed areas of Asia. Their future plan when it comes to internationalization is to have manufacturing plants outside Sweden, to have a stronger sales organization, and to have a better network around the world.

**Respondent 2**

Respondent 2 is the CEO of a company with 11 employees that was founded 32 years ago. The company owns the license of its products, they are developing the products, deciding what products they should have, what the products should contain etc., but all their products are produced abroad. They are only selling their products to suppliers, and not to end-customers. The company is selling their products in Sweden, Finland, and they have just started selling in Norway. Earlier, they have evaluated the markets of Germany and the US, but of different reasons decided not to go there with their products. Today, they do not see themselves as a company in expansion mode, since they have decided to use this year to work with the re-positioning of their brand and to get the organization up and running. When that is done, they have a future plan to enter new, international markets within two to three years from now.

**Respondent 3**

Respondent 3 is the CEO of a company that produces a drink. They have 5 employees, but during production they hire labor. In addition, they also hire a sales force and in total, they have 35-40 sellers that are not employed by them but that are selling their products. The company considers themselves to be in a start-up phase, since they are offering a new drink, with a new brand in a new category. Today, the company sells its products in Sweden and the UK, as well as they are starting an export sale to Finland at this moment. Their future plan when it comes to internationalization is to sell more products outside Sweden. They consider Sweden as a very important market, but exports are just as important to them.
Respondent 4
Respondent 4 is the CEO of a company with 10 employees that was founded 20 years ago. The company’s main business is sales, where they have a wide selection of products in the area of gardening, cars, and forestry. When it comes to international business, they sell Swedish-produced forestry parts to companies in Finland and Norway. Their future plan in terms of internationalization is primarily to increase their sales and gain market shares in Finland and Norway, and later also to enter new countries.

Respondent 5
Respondent 5 is the CEO of a manufacturing company with 68 employees that was founded in 2012. They are selling their products in Europe, the UK, China, and Africa. Approximately 95% of its sales are in Europe, where Sweden only has a very small part of their sales. Their future plan when it comes to internationalization is to maintain their current relationships, instead of chasing better prices and finding new customers. The development of the company is more about finding and choosing new market segments or product segments, than it is about finding new market areas.

Respondent 6
Respondent 6 is the CEO of a manufacturing company with 7 employees that was founded 22 years ago. When the company was founded it was a side project, and it has been until 4 years ago when the CEO quit his other job and decided to invest in this company full time. The company mainly sells its products to the hospital industry in Sweden, Norway, Netherlands, the UK, the Middle East, Korea, Australia, and the US. In the future, they want to grow even more, why they are now focusing on developing their products. In terms of growth, they claim that it is not impossible for them to double their turnover within a year, as they can see an increasing interest in their products, especially in the Middle East.

Respondent 7
Respondent 7 is the Managing Director of a manufacturing company with approximately 180 employees. Within their industry, they are the world’s oldest plant still producing. The company sells its products to customers in more than 70 countries. Their biggest markets are the Nordic countries, the Middle East and parts of Asia. Their future plan, when it comes to internationalization, is to grow a bit more in the Nordic countries,
although they already are one of the biggest players in the Nordic countries. In addition, they want to grow and increase their market shares in North Africa.

**Respondent 8**

Respondent 8 is the MD of a manufacturing company with 3 employees. The company was founded 1986 and is a family-owned business. They sell their products directly to customers in Sweden and France, and have distributors in the US. They are currently in a growth phase, where they are looking for distributors in Canada and parts of Europe, as well as they are trying to find more distributors in the US. Their future plan when it comes to internationalization is to have distributors all over the world.

**Respondent 9**

Respondent 9 is the Sales and Marketing Director of a manufacturing company with about 110 employees. Approximately 90% of their products are sold through export, to over 60 different countries around the world. They have six subsidiaries, in Germany, France, England, Spain, the US, and Malaysia. Their future plan when it comes to internationalization is to further win some market shares abroad, to have their own sales in other countries, and in that way get closer to the markets and their customers.

**Respondent 10**

Respondent 10 differs from the rest by not representing an SME. Instead, this person is a Business Advisor in an organization trying to help and coach SMEs to grow and become competitive. This can be done in multiple ways, for example through helping them with internationalization, sustainability, or digitization. Respondent 10 has a long experience in helping SMEs to reach international markets, and she has a lot of knowledge of what are the most common mistakes, shortcomings, and how SMEs work in order to overcome these. Thus, Respondent 10 can contribute with a more general and wide description of the topic than the specific companies themselves.

**3.10 Thematic analysis**

In line with the hermeneutic research tradition we have and the qualitative research method we have applied, we decided to thematically analyze the information we have gathered in our interviews. A thematic analysis aims to find different themes and patterns in a set of data, to provide an in-depth and detailed description and interpretation of a
contextual-based research topic (Vaismoradi, Jones, Turunen & Snelgrove, 2016). We argue that this kind of analysis fits our study and research tradition. In addition, Braun & Clarke (2006) state that thematic analysis is an accessible and flexible approach, which furthermore is an argument for using this kind of data analysis approach within our study.

To make a thematic analysis, we followed the six phases guide presented by Braun & Clarke (2006). First, we transcribed our interviews and read all the data several times in order to find patterns and meanings. We highlighted parts in the data that we considered interesting. Second, we tried to organize the interesting parts of our data into codes, which we did manually. When we had gathered a list of codes, we moved forward to step 3, to find themes, a broader level of codes. In step 4, we reviewed our themes, by analyzing them and see if we have enough data to support them or not, and if some themes could be combined. In step 5, we went back to our collected data and identified what was interesting and why, in connection to our themes. In the last step, we worked in order to make our analysis valid and credible to the reader. To achieve this, we tried to be as coherent, concise, logical, and non-repetitive as possible, both within every theme and across themes.

The following table (Figure 4) demonstrates the process we have followed in order to thematize our empirical findings and further to analyze our collected data. First, we identified common words used in the interviews, which we name as codes. We categorized these codes and found common themes within them, which summarizes the content of the codes. Furthermore, we used the themes to create headings that we used in Chapter 4 and 5 of the study, Empirical Findings and Analysis. This approach helped us separate and thematize the content of our interviews, and was helpful in structuring the following chapters of the study.
### Codes

- Collaboration
- Cooperation
- Relationships
- Communication
- Channels
- Information
- Knowledge

### Themes

- Use of networks
- Importance of networks

### Headings

- The role of networks in the internationalization process

### Exhibitions

- Market research
- Outsourcing tasks
- Having the same values
- Value-addition
- Market knowledge
- Evaluating candidates
- Taking risks
- Personal network
- Personal behavior
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- Networks

### Activities to expand their network and business relationships

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### Deliver on your commitments

- Balance between giving and taking
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### Important aspects in building trust

- The role of trust

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### Challenges in the process of internationalization

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**Figure 4: Table of thematic analysis (Source: Own)**

### 3.11 Ethical principles

Ethical principles refer to how participants of the study are treated, in terms of voluntary participation and their right to be anonymous and to leave the study whenever they want (Saunders, Lewis & Thornhill, 2016). Already in the initial phase of the study when we contacted the respondents, we informed them about their rights, the possibility for both the company and themselves to be anonymous, and the purpose of the study. We made it clear to the respondents that this study has one single purpose and that their information will be used in this study only. To give the respondents this kind of information is according to Gill et al. (2008) of great importance since it gives the respondents an idea of what they should expect as well as it increases the likelihood of honesty. Since some of the respondents chose to be anonymous, we decided to anonymize all respondents and companies in the study, in order to achieve uniformity.
Due to the interpretative nature of qualitative research, there is a risk of misunderstandings if the respondents feel that their stories have been misrepresented or taken out of context (Richards & Schwartz, 2002). Thus, it is important to use those measures that are available to minimize the risk of this kind of misinterpretation, for example through the process of respondent validation (Richards & Schwartz, 2002). To fulfill this and reduce the risk of misunderstandings, we sent our transcriptions to the respondents for approval before we started writing the analysis.

3.12 Quality criteria
Because of natural circumstances, mistakes during research can be made which affects the study. Incidents such as unclear formulated questions as well as diffuse or ambiguous responses from participants are common (Guba & Lincoln, 1994). Thus, validity and reliability are concepts that need attention while doing research, in order to evaluate the study and to reduce the risk of the study not being credible (Guba & Lincoln, 1994). In order to evaluate the trustworthiness of qualitative research, one can use four elements presented by Guba & Lincoln (1994); credibility, transferability, dependability, and confirmability. These four elements are in different ways related and connected to validity and reliability, which is described below.

Validity refers to whether a study examines what it was intended to study, or not (Chisnall, 1997; Bryman & Bell, 2017). To fulfill the validity criterion and make sure that our research method meets the aim of the study, we formulated our interview guide based on the articles we use in our literature review. Moreover, we always had our aim and our research questions in mind when we formulated the questions. To evaluate the validity of the research, credibility and transferability presented by Guba & Lincoln (1994) can be used. If the credibility is high, the internal validity of the study will increase (Guba & Lincoln, 1994). To ensure the credibility, we were careful in our approach of conducting the study, by recording and transcribing all the interviews. The following point, transferability, has the possibility to increase the external validity of a study. Transferability refers to how transferable the study is to other contexts and circumstances (Guba & Lincoln, 1994). To meet this criterion, we have tried to be as detailed as possible in our description of how we selected our respondents, what kind of respondents they are, what kind of firms they come from, as well as which situation the firms are in, in terms of internationalization.
The validity criterion can further be explained as synonymous with truth-value, which means that the researcher understands and accepts that there are several different realities of a situation (Noble & Smith, 2015). According to Noble & Smith (2015), this can be ensured by clearly presenting the perspectives of the participants, and by being aware of what impact the researcher’s own perception might have had on the results of the study. To make our study as credible as possible in terms of validity, we have tried to consider all the respondent’s perspectives when making our analysis. Furthermore, since the beginning we have been aware of the fact that our own opinion may influence the study and how we analyze our data, why we have tried to be as objective as possible in every step.

Reliability is about replicability and stability, which can ensure the trustworthiness of a study. This quality criterion aims to answer whether there is a high possibility that a study would receive the same outcome if the research would be repeated, or not (Chisnall, 1997). In terms of reliability, we argue that a similar study within the same context, Swedish SMEs, would result in similar outcomes. To make sure that our study meets the reliability criterion, we have tried to be as detailed as possible when we described how the study was conducted. According to Bryman & Bell (2017), a significant part of the replicability of a study is based on how well a researcher explains and describes what has been studied and how. Examples of how we have met this criterion is by how we described the way we conducted the interviews, as well as how we thematized and analyzed our empirical findings. In relation to the four elements presented by Guba & Lincoln (1994), the third point, dependability, helps to increase the reliability of a study. In terms of dependability, it is important to have the right research design and its implementation. Moreover, it includes an adequate reflection of the findings (Guba & Lincoln, 1994). To consider this criterion and meet it, we have explained how we have conducted and proceeded in every step of the study. We have also tried to be as objective as possible, by not letting our personal opinions or prejudices affect the outcome of the study. To be objective is according to Bryman & Bell (2017) of great importance to ensure the dependability of a study.

The last point described by Guba & Lincoln (1994), confirmability, has an effect on the objectivity of a study. Confirmability is explained by Bryman & Bell (2017) as verifying that the researchers have based the results of the study on the material available, by acting in good faith and not make any changes in the data that could affect the outcome of the
study. All these four points presented by Guba & Lincoln (1994) has been adopted in this study, to ensure its trustworthiness.
4. Empirical findings

This chapter presents the findings from the interviews, by demonstrating similarities and differences in the interview responses. The findings are sorted and presented in four main themes; the role of networks in the internationalization process, the process of finding the right business relationship, the trust-building process, and challenges in the process of internationalization.

4.1 The role of networks in the internationalization process

All respondents mentioned that collaborations with networks are useful in trying to reach international markets. The importance of network and business relationships is described as key and essential. R1 mentions that collaboration is more strict and formal at the beginning of the relationship then it becomes less formal when trust develops. Moreover, R7 stated the role of networks in their international operations and how they were able to reach the market in Asia through being close and working with Business Sweden by taking part in their conferences and how it was beneficial for them. In addition, R7 stated;

“Network is important, if we want to come close to a new customer, it takes a lot of time and a lot of effort and you really need to have good references or good network and good relations with the customers. So, it takes a long time to build this trust. So yeah, different kinds of networks is important.”

Several of the respondents mention the importance of different kinds of networks, and how it can affect acquiring a new customer through having a good reference from the network you belong to. When the respondents speak about networks, they highlight different kinds of networks as well as how they all are important. R1 states;

“Team spirit is not only about our team as a company; it’s also about the whole environment that we belong to. It’s about our value-added resellers, our customers. As I told you, one of the ways that we are trying to reach and get more research in the market is actually that we try to make them connect more to each other, so they can do business together, and at the end of the day we can get a better spread.”

This statement given by R1 elaborates on the importance and value of cooperation and collaboration with different kinds of networks, considering the whole environment where
their business exists as a big network full of possibilities. R1 continues explaining how valuable he believes that networks are, and speak about a win-win situation for all parties involved. To be open about value-adding aspects, and how different parties can help each other within a network is considered as a key factor. In addition, R1 and R5 spoke of the importance of cooperation, and R1 argues that they were able to come up with new products and interesting applications through cooperation among their networks. R5 explains how they got their customer in China through networking, from one of their own competitors, who had not the opportunity to give that specific customer what they needed at that time. Moreover, several respondents mentioned how sharing information with your network can give you inputs in finding solutions. In terms of learning from each other, several respondents (R2, R3, R4, R6, R8, R9, R10) highlight the knowledge and information sharing aspect of networks and business relationships. In addition, R4 stated that without networking, they would never have been where they are today. Furthermore, he makes a parable between networks and a tree of knowledge:

“You can say that networks are like a tree of knowledge. Without a network you only have yourself, you only have the bole. But in a network and with the help of contacts, the three grows and a variety of paths open up, it makes you develop and gain knowledge, it helps you learn and it helps you grow.” (R4)

This quote by R4 summarizes the importance of networks that was mentioned by all the respondents’ quite well. Cooperation, communication, as well as information- and knowledge sharing are terms that are repetitive and common in all interviews.

4.2 The process of finding the right business relationship

In finding the right business relationships, several aspects come to be valuable. Companies need to choose which approach to use in order to find potential business relationships, as well as evaluating potential relationships based on what aspects that are valuable to them.

4.2.1 Approaches

Since all respondents representing SMEs (R1-R9) to varying degrees act on international markets, they all believe that international markets are important to their companies and the future of their businesses. Common to all companies is that they consider their
networks crucial in their internationalization process. However, when it comes to approaches and how companies practically work in order to expand their network and creating business relationships with foreign players, it differs. R1 states;

“You have to do your homework, to figure out who are the main players on the ground, and in which way you then can approach them. Then you need to have a value proposition from yourself that can be valuable for them. You need to know what the business is, and what the next actor in the value chain are trying to achieve, and then you see how that can match. Based on that, you can see if you can pursue that or not.”

This statement given by R1 explains the importance of market research in finding the right business relationship, and their phases of identifying, planning and selection of approach. In addition, several of the respondents (R1, R3, R4, R5, R8, R9) state that market research is important in the first step of the internationalization process, as an indicator of which direction to go. R1 claims that markets are changing rapidly, why market research is needed to make sure that you are updated. R5 explains their way of doing market research by stating;

“Our strategy is to be close to the customer, to be out on the market itself and speak to customers, to get an idea of what the demand looks like and what is going on out there, and then we are trying to meet that demand as much as possible”. (R5)

This statement by R5 elaborates on their strategy and the importance of using communication in order to evaluate the market and the demand. Another way of certain approaches for internationalization is to outsource tasks. This approach is used by several respondents (R2, R3, R4, R5) who all claim that they have a lack of workforce and knowledge of the certain market they want to enter, why they get help from someone else. R4 outsource the task to scout the international market they are interested in, to a person with knowledge and expertise. Following, this person is given the task to gain information about the market and its attractiveness, identify potential customers, and handling the communication between the parties. In addition, R5 explains how they get help from two different trading companies that help them with their sales in Africa and South Africa. These trading houses are already established in these markets, why they have a lot of knowledge and are useful. R3 explains the importance of finding people located in the
market they are interested in, and to use the knowledge and skills by those people to get into that specific market;

"For now, we only have two international markets running, but a general goal is to use a partner located in the market we are interested in, who handles sales processing, marketing, logistics and so on, in place.". (R3)

By outsourcing tasks to people located in the specific market, and let them use their knowledge is the primary approach R3 use. Another approach that is possible to use is exhibitions, which is mentioned by several respondents (R1, R6, R7, R8, R9) as one of the specific activities they have used in order to find new contacts and expand their network, which in turn helps them to reach international markets. R1 stated;

"Exhibitions has been very valuable for us because that’s a place where we can meet many potential contacts, in a limited time and to a limited cost. You get that face-to-face interaction. We do that frequently, we follow up the trade fairs that are relevant for the industries and the segments where we want to work." (R1)

The given statement by R1 explains how valuable exhibitions and fairs are to them in connecting and meeting with possible candidates for conducting business relationships. In addition, R7 also approved the statement by explaining that they take part in different fairs and spoke of how valuable exhibitions and fairs are, but further went into more details about what happens in exhibitions and fairs and how it works. She claims that when they are taking part in fairs or exhibitions, the activities or process of networking and connecting with possible business relationships may happen in different ways. Either having a booth where someone stands and invites people or they come to pass by, or it could be that their CTO and R&D manager has released some kind of paper or report in the exhibition, or have a speech at the venue. R6 agrees that exhibitions are useful, but have a different view than R1 & R7 when it comes to whether it is something you can do to a limited cost or not. R6 states that they use market fairs, but also highlights the costs that it entails. He claims that they use to go to a market fair in Dubai, where only 10 square meters booth costs a lot of money. He continues by arguing;
“I would say that it is almost impossible to go to an international fair to a cost of less than 100 000 Swedish crowns. And if you are a small company, that is a lot of money.” (R6)

R6 speaks of the importance of fairs in expanding the network but also is doubtful about its effectivity considering it a costly process for their business. He claims that it can be too expensive for a small company. R9 is on the same track, and claims that it is hard to know what market fairs actually gives the company, that it is hard to measure;

“It's always difficult to check afterward, what did we get out of it? It is usually difficult to measure. But we also know that if you do not participate, you do not exist.” (R9)

What R9 means is that it is difficult to say whether market fairs are worth the costs or not, it is hard to evaluate afterward and see what it actually contributed with, in terms of numbers. However, he states that you at least know that you were there, and you were seen. Moreover, R2, R4, R6, and R9 explained how they many times find new business relationships through their personal networks. They all argued that when you are getting older and have been working for a long time, you have gathered many contacts over the years, contacts that you can use in different situations. R4 stated;

“I'm close to retirement and all the years I’ve spent in this industry have provided me with a useful network. If I have a problem, I can always turn to my contacts, and if they can’t help me, they are trying to guide me to someone else who can help me. This way, you get use of your network’s network, and you can establish new business relationships.” (R4)

The given statement by R4 explains how useful networks are to him in turning to them in case of needed help and how networks can help, refer, or suggest to another network that can help in case. R1 described the importance he sees in using all available channels for finding business relationships, such as exhibitions, sales team, and all possible accessible ways they have. The statement was also supported by R7 stating using a mix and diversified methods and not relying on only one way in the process of finding possible business relationships. In addition, R2 highlighted the importance of the personal
behavior of individuals representing companies in the collaboration process and its effect on trust. Location was seen as an important factor in determining the right business relationship according to R3. He stated that the most important aspect they look at in trying to find the right business relationship is where the other company is located, since they want business partners with knowledge about the location of which they are interested.

Three of the respondents (R4, R6, R8) have joined clusters and see that as a useful way into international markets. R6 claims that clusters have helped his company to gain knowledge, reach markets, but also to talk about ideas together with other companies;

“The cluster that we are a part of has mainly helped us to find relevant markets, and to get in there. They also offer meetings with other companies where you can talk about ideas and discuss, simply help each other. I think that more small companies should use clusters, it gives so much more than it takes.” (R6)

The given statement by R6 explains how valuable and beneficial joining a cluster has been for them, and how this experience has helped them in offering meetings and connecting with other companies, sharing ideas, discussing and helping one another. A rewarding and successful collaboration is explained in this statement.

4.2.2 Evaluating potential business relationships

R1, R2, R3 and R8 all describe that what they are looking for in a business relationship is a partner that can add value to their businesses or share the same values and vision. As an example, both R1 and R2 speak about sustainability and how important it is for them to only cooperate with business partners who have the same values as them when it comes to sustainability and CSR.

“You need to think about; Who are these people, and do they share the same values as your company? You want them to contribute to your CSR as well. To support the United Nations 17 sustainability goals, that is important to us. Because we want to drive in that direction with our strategies.”(R1)
This given statement by R1 explains the evaluation process in choosing a possible business relationship for collaboration, as well as what they are looking for in a business relationship, such as sharing the same values and goals. In addition to having the same values in terms of sustainability, R1 also claims that their partners need to be more than just a trader or a reseller, they also need to have the required competence, and be able to add value to them. R2 and R8 support this statement, by speaking about having the same mission and the same values in terms of quality. R2 argues:

“For us, it’s also important to cooperate with companies that have the same mission as we do, the same view and values when it comes to sustainability. We want to be in a long-term relationship with someone who shares our values about sustainability and doing good.”

That having good values and doing good are one of the most crucial criteria for a business relationship in the case of R2 is recurring. Moreover, several respondents (R2, R3, R4, R8, R9) described finding the right business relationship in finding someone who possesses the market knowledge that they lack in specific fields of internationalizing, and that can substitute and back them up in these areas. It is explained how this can be done by sharing knowledge and experience or using and sharing resources. R1 described evaluating the candidates and their possible contributions of what can they offer. Moreover, R1 stated having to try and dare to take the risk in their search for the right business relationship without really knowing if that’s the right choice;

“You can find so many partners, but to find the right one that will create the most value together with you, that is the hard part. And that is something you never know. Even though you make a successful business, maybe another path would have been even more successful, but you will never know.” (R1)

In the given statement by R1 it speaks of how challenging finding the right business relationship could be. It also elaborates not being sure and never knowing what the right choice is, even if choosing a successful relationship the doubt is still there regarding if another choice would have been even better. R2 and R6 also supported the statement
given by R1 about taking the risk. R6 claims that it is worrying to choose partner, since there are many companies out there that are only seeking for success. Moreover, he stated that he relies on his feeling and experience in these kinds of situations;

“I only trust my gut, the feeling I have about the other party. My feeling and my experience. There is a saying; “If it seems too good to be true, it probably is.” That’s what I believe in.” (R6)

The given statement by R6 explains how they are following their instinct and experience, which also could be explained as taking the risk and trying. That it is risky is also supported by R1;

“I would say that to find the one that you would create the most success together with is the most crucial. You never know if the one you decide to go with was the best one. But you should do your research so you know if it feels like the right one or not. And sometimes when someone is interested to work with you, you might feel like you are attractive but you should not jump the gun, you should have patience. See if they have what it takes to work together with you, it’s important” (R1)

The given statement by R1 explains taking the risk of trying and the importance of market research and not rushing anything. As described by this quote, it might take time to find the right business relationship, and you will never know if you made the best choice possible or not.

4.3 The trust-building process

A common denominator that was mentioned by several of the respondents (R1, R2, R4, R5, R6, R8) in terms of the role of trust in business relationships with foreign partners, is commitment. R1 emphasizes the importance to always deliver on your commitments, and consider that the most significant part in building trust with foreign actors;

”Never promise more than you can achieve. If you have agreed on I will do this for you, you need to deliver on that. I think that is the most important part, and it’s quite easy to say but it’s not as easy to do. If you have that as an ambition, I think that you have a great opportunity to build trust. And trust takes some time, it’s like with any relationship” (R1)
In this statement, R1 explains what they can do in order to develop and build trust, and also mentions that trust takes time to build like any other relationship. R2, R6, R8 agree on this statement, by speaking about honesty and fairness within the relationship. R8 argues;

“First of all you have to be honest from the beginning. Have a good and open communication, help them as much as you can. Give them what they want and stay open for discussion.”

R2 argues that a relationship always involves two parties, and in order to create mutual trust, there has to be a balance between giving and taking. However, some respondents (R1, R2, R5) state that trust takes time to build, and to build it is easier said than done. According to R3 and R4 the first impression has an effect on building trust. R4 explains how he sees trust as something that is gradually built, starting at the first contact with the other party;

“If you seem serious and ambitious at first sight, and then show that you stick to what you’ve said that you will do as well as you do it in time, then I believe that trust is gradually built.” (R4)

The given statement explains R4’s opinion and characteristics that are to be present in order to develop trust. Moreover, all of the respondents (R1-R10) claimed that trust is an important aspect in the relationship with foreign business partners. However, none of them mentioned anything about trust being more important in international business relationships than in any other kind of relationship. R2 compares the importance of trust within international business relationships with the importance of trust within a marriage, by saying;

“It's important to be honest, that you understand the needs of others, and that you see that both parties are happy. Like in a marriage, it's the same, isn't it?” (R2)

Moreover, R7 argues that trust is a crucial and critical factor to them;
“You need to build trust and you need to earn it, so this is really important in this type of industry. It might be in other industries of course as well, but it is so crucial that our products work, because if they don’t, it would be a huge disaster for the plants that has a failure. It costs too much money for them.” (R7)

What R7 is saying is that their company is working in a critical sector, where their customers need to trust their reputation in order to be able to conduct business with them. Otherwise, customers would be afraid of using their products in fear of disasters or accidents that may happen, as their products contain very high temperature materials such as melted steal or burning waste. R7 continues to argue that customers do not only need to trust you as a person, they need to trust your products, your design, and that you can deliver. Thus, building trust is crucial in many aspects.

Several of the respondents (R1-R6) mention that they believe that trust happens between individuals, not between companies. They all argue that it is all about relationships between people. R6 stated that it is very important to understand that trust occurs between people, and that it is especially important when a change of employees is about to take place;

“That is extremely important to remember when one employee is about to quit, and someone else is supposed to take over that person’s business relationships. The person who is about to quit then must let the new person meet all the contacts, and make sure that ties are formed between them”. (R6)

The given statement by R6 speaks of the importance of the retention of clients and business relationships, in order to maintain business relationships that exist in case the person in charge of it is about to leave their position. Hence, the person in charge must assure the collaboration and cooperation between the nominated person to take his position and all the contacts and business relationships. One of the respondents, R9, differs from the rest by both speaking about trust as something that happens between individuals, but also at a company level;

“It is about having the capacity required, and the fact that we have a factory also helps us gain trust, we know what we are talking about. We have our own development
department, which also develops trust because we can design and change our products so they get better and better. I always want all salespeople to emphasize the whole company, as a trust capital.” (R9)

R9 explains that it is about more than just the relationship between individuals. In his opinion, it is about the whole company. He further states that their company has been around for more than 50 years, which he also considers as a trust-building aspect. Moreover, the majority of respondents agree that trust takes time and time is costly. R7 stated:

“Of course you need to have patience and you need to have the resources. You need to be sure if you want to spend the money, because in the beginning you will only be spending money and then it takes ... I would say it takes around three years before you have an established market, at least. So in the beginning it's a lot of costs.”

The statement by R7 highlights the importance of having the resources and having patience and confidence in the investment relating to their field of business as it requires a lot of investments and the turnover time is long. Moreover, none of the respondents mentioned any certain trust-building activities, more than aspects that they see as important within the process of building it. In summary, they consider commitment and honesty as important aspects of building trust.

4.4 Challenges in the process of internationalization

One of the main barriers, according to R1 and R8, was mentioned to be time. It was stated as the hardest thing to overcome the cost of time, it was always limited.

“It’s time, time and speed! Absolutely. A lot of the customers, or the end-customers, they are global, big industries. They have their way of managing product introduction and product development and it has to go through different stages. It takes some time, and for a small company that is investing in production units, investing in everything, time is equal with money in a sense” (R1)

The statement given by R1 highlights their main barrier that their firm encounter in the internationalization process, which is stated to be time and keeping up with the cost of
time giving a comparison that their company is smaller in comparison with big global companies. Time was also related to building trust for R1, R2 and R5. They claim that it takes time to build trust, and there is a lack of time in small firms.

Moreover, cultural differences were considered as important in the cases of several respondents (R1, R2, R3, R6, R7, R8, R9, R10), in some cases described as something that makes it harder to conduct business or make it easier in other cases. R2 stated;

“When you come to Norway, they are much more easygoing and high resolution, more easygoing compared to Sweden. So, you have the small cultural differences. And you know that in Germany, they will always have tables and 10,000 sheets of legal structure, that you need to sign.” (R2)

The statement given by R2 gives examples that their company encounter while doing business in different countries by comparing differences in cultures and bureaucracy. All companies agree that cultural differences exist, however, they do not see it as the main challenge within internationalization or in the process of finding the right business relationship. R6 argued that it is important to be aware of the existence of cultural differences, but that it is not the main challenge;

“Well, it’s good to be aware of cultural differences, and that they’re there. The guy from India will probably try to negotiate the price, and the one from the Middle East will do business with you for years before he starts having faith in you. But I wouldn’t say that it’s a challenge or something difficult to handle, no.” (R6)

The given statement by R6 explains the importance of being aware of cultural differences giving examples by comparing that different cultures have different characteristics such as India and the Middle East but also relate trust with a specific culture that it could take years to build. R1 supports this statement, and motivates why cultural differences is not a challenge by stating;

“Actually to be in an international environment for many years, I think it's not about culture. It's about people doing business with people.” (R1)
The given statement explains R1’s opinion about trust and that it is not related to culture, but more in relation with people. However, the majority of the respondents claim that it is important to be humble towards cultural differences, and to consider the differences. According to R10, not considering cultural differences is a common mistake among Swedish SMEs. She states that not everything works the same way in all countries, why it is important to set the rules already from the beginning of a collaboration, and agree on how to behave.

R7 stated that the challenges in internationalizing are not fixed and that they vary from one country to another. Nevertheless, they are considered technical and based on the needs of the business they are dealing with, stating some countries would focus on price more than quality. She claims that negotiations would be going back and forth to finalize a deal. Other countries are more relationship oriented and care more about long-term relationship, while others focus on quality so the challenges in their case was built on the demands.

Another statement given by R7 was about cultural differences in relation to being the only female leader in a male dominated business field. Furthermore, she explained how it was strange in this specific country where the culture is male dominated and how she felt it and saw it in the communication process. They have done big projects in Pakistan lately, where she has discovered that the culture is different from here in Sweden, and so is the ideas about having a woman as the head of a company.

“I guess I am quite alone as a female managing director for a company within our industry. We are not many, and that is accepted in many countries, but for sure in some countries they feel that it's very strange, and the situations sometimes are hard to manage.” (R7)

What R7 is saying is that she notices how she, as a female CEO, is treated differently in different cultures, which may affect the business relationships. In addition, as the other respondents, she continues by stating that this is something that is important to remember and take into consideration. She argues that you can both feel it, see it, and you need to manage it in some way.
A main barrier mentioned by R2, R8 and R9 in internationalizing was that the process was very costly. Moreover, being a small company with scarce resources was pointed out as a challenge by several of the respondents (R2, R4, R5, R6) for not having the experience or knowledge of managing international business in comparison with big companies who have specialized departments for that. R2 states;

“You need to understand how to get into those markets. You need the knowledge and competence of how to deal with different countries. That’s hard for a small company. It’s another thing if you are a big company because then you have a department that is dealing with that, you have experts on it, they handle it for you, and you just make the decision based on their guidance or their expertise. In a smaller company, you do not have that.” (R2)

Smallness is considered as a main challenge, and R5 explained it as it is difficult to compete with bigger companies on international markets, instead you have to try to find your own way because there is no idea to compete with the giants. R9 speaks about the difference of being a small company compared to the bigger ones, and gives an example of his previous working career at Ericsson, a big, well-known company. He explains how it was easy to invite yourself to higher events when working at Ericsson, you only had to show your business card. As a small player on the market, he states that it is not as easy and you get even more dependent on help from others and your network. In addition, both R2, R3, R4 and R6 stated that they are partly concerned to choose the wrong partner and explained that by being a small company to endure the costly loss. R6 considered finding the right business relationship as the main challenge.

Moreover, two of the respondents (R7, R9) consider the geographical distance between them and their business partners as a challenge. R7 finds it difficult to compete in some destinations due to freight prices. In addition, R9 believes that their company would not have been as successful as they are if it was not for their sellers located in foreign markets. He argues that it would have been hard to manage everything from Sweden, and their customers would not have been as satisfied as they are if they did. He exemplifies;

“If you are going to do business in France, it is very good if you have a Frenchman in place. For example, we have a guy who sells our products in France, who has taken care
of all orders and invoicing over there for a number of years. And what we have noticed is that he has to do it, because customers in France do not accept that the invoice comes from Sweden or is sent in Swedish or English. The invoice must be sent from France, in French, and it must be in a certain way.” (R9)

This statement shows that geographical distance has an impact on trust in the context of R9. He argues that it is of great importance to know how to handle the distance and still make the customers satisfied. Contrary, R1 and R8 stated that we have so many platforms for communication these days, which are useful even though it can be important to have physical meetings sometimes too. R5 argued that the geographical distance is not a problem, and said that sometimes, traveling to Germany takes less time than traveling to another city here in Sweden. In addition, R5 also claimed that one reason why he believes that the distance has no effect on trust between parties is that Swedes have such a good reputation when it comes to doing business. This statement is also supported by R6, R9 and R10 who claimed that Swedish companies have a good reputation worldwide, which is helpful in managing international business relationships. R10 states, based on her experience of helping SMEs to reach international markets;

“Sweden in general has a good reputation. We are seen as loyal, internationally. Most international players are not too worried about doing business with Sweden because of our good reputation.”

What R10 is saying is that Swedish companies have a great advantage of their good reputation. She continues to argue that as long as a Swedish SMEs make sure they are delivering in line with their reputation about being loyal, they do not have to do much more than that to maintain their trust internationally. Despite this advantage, Swedish SMEs also have some shortcomings in their process of internationalization, according to R10. The main shortcoming mentioned by R10 is their lack of planning. She states;

“What we also see is that many companies don’t have a concrete plan, they don't think about the next step. They decide to go to China, but the question is whether they are prepared to take an order there, which may be worth 10 million? How do you manage it, in your workshop, when you only have two employees?” (R10)
The lack of planning is, according to R10, something that is common among Swedish SMEs. She claims that they do not review their resources sufficiently before they act, and they do not reflect on the time available.

### 4.5 Summary of the empirical findings

In the following table (Figure 5), a summary of the topics and most important findings are presented.

<table>
<thead>
<tr>
<th>Topics</th>
<th>Findings</th>
</tr>
</thead>
</table>
| The role of networks in the internationalization process | - Collaborations with networks are useful  
- Networks are key and essential  
- It is seen as important to use different kinds of networks  
- Cooperation helps coming up with new ideas  
- Sharing information and knowledge in networks helps finding new solutions |
| The process of finding the right business relationship | - Market research is important in the early phase of the internationalization process  
- Outsourcing tasks is used as a solution towards problems such as lack of workforce and knowledge  
- Exhibitions helps finding new contacts and to expand the network of a firm  
- Market fairs are useful but expensive and its efficiency is hard to measure  
- Personal networks are used to find new business relationships  
- Joining clusters helps gaining knowledge about the market and getting new ideas |
| Evaluating potential business relationships | - The other party’s ability to add value is important in the evaluation process  
- Having the same values and visions about aspects such as quality and sustainability is considered important  
- It is hard to know what the right business relationship is  
- It takes time to establish business relationships and the process should not be rushed |
| The trust-building process | - Importance of always deliver on your commitments  
- Trust is considered time-consuming  
- Honesty is seen as a key aspect of trust-building  
- Trust is important in relationships with foreign business partners  
- Trust happens between individuals, it is about relationships between people  
- There is a lack of certain trust-building activities |
<table>
<thead>
<tr>
<th>Topics</th>
<th>Findings</th>
</tr>
</thead>
</table>
| Challenges in the process of internationalization | - Time is limited in a small company  
- Cultural differences exists and need to be considered, but is not seen as a main challenge  
- Being small with scarce resources is one of the biggest challenges  
- Lack of knowledge about the market is a challenge  
- Swedes have a good reputation which helps in managing international business relationships |

*Figure 5: Table showing a summary of empirical findings (Source: Own)*
5. Analysis

In this chapter, the empirical findings presented in the previous chapter is analyzed and connected to the literature review and the theoretical framework. All the parts of the theoretical framework are discussed and compared to the responses from the interviews. The analysis follows the same structure as the empirical findings.

5.1 The role of networks in the internationalization process

As Chetty & Stangl (2010) state, international business occurs in the context of a network setting, hence firms rely on networks in doing business. The statement was supported by our empirical findings, since all respondents mentioned that they were able to reach international markets by relying on and collaborating with networks. Moreover, Chetty & Holm (2000) state that networks have a positive effect on companies in terms of finding new opportunities and obtaining knowledge, which also corresponds with our results. Examples of how this is expressed were through opening up for new products and applications as well as it enables wider networks through cooperation. The empirical findings show how our respondents found it valuable taking part in networks, in one case, it is described as the tree of knowledge. The explanations of how networks adds value, and opens up new paths are in line with Chetty & Holm (2000) and their statement of networks having synergistic effects.

One of the benefits of networks and business relationships that were found in our results was the knowledge and information sharing aspect. SMEs in our study appear to learn a lot from people within their network, since experience- and knowledge exchange was highlighted as one of the advantages. This corresponds with Minarelli et al. (2014) who argue that SMEs gain in supplementing the base of knowledge and the internal limited resources, by taking part in networks. In line with Gilmore et al. (2006) stating that it is of great importance for companies to have network contacts in competitive environments, an example was given in our empirical findings explaining how an SME got one of their biggest customers from one of their own competitors.

In the theoretical framework (Figure 2), networks and business relationships are stated to have five benefits; they create new opportunities, contribute with knowledge, provide
experience, have synergistic effects, and motivate SMEs to develop. In comparison with our empirical findings, all benefits except one are supported; that networks motivate and trigger SMEs to further development. However, the importance of networks and relationships is clear, and their role in the internationalization process of SMEs is to provide new opportunities, knowledge, experience, and synergistic effects.

5.2 The process of finding the right business relationship

It is shown in our study that market research is helpful in finding the right direction, since it makes SMEs gain knowledge about current demands and what is going on out on the field. This is in line with Wong & Ellis (2002) who claim that market research is useful in gathering objective information about the market, as well as in selecting a partner. In addition, Geringer (1991) argues that market research helps to evaluate potential partners, an argument that is supported by our empirical findings. Moreover, events and fairs are stated by Mecandetti et al. (2017) to be useful ways for companies in terms of finding networks and potential partners. According to our results, this approach is supported. Moreover, the respondents are finding new business relationships through their own social networks. This supports Wong & Ellis (2002), as they state that existing social networks are used by managers in order to identify new, potential business partners.

Joining clusters seems to be a practice used by SMEs, the smaller companies in particular. This corresponds with Novelli et al. (2006) as well as Gerolamo et al. (2008) who state that joining clusters is useful when companies want to find business relationships, and emphasizes its importance for start-ups and small companies. In previous literature, there are different opinions regarding whether it takes a lot of planning to build business networks or not. Johanson & Vahlne (2003) state that in order to build business networks, a lot of planning and responsiveness towards partners and their interests are required. Contrary, Spence et al. (2008) claim that collaborations between partners is rather an unplanned decision than a planned decision. Our results show that SMEs are worried about choosing the wrong business partner, since they are small companies with limited assets that they cannot afford to lose. However, they do not show any meticulous planning process, their decisions rather seem to be based on their feelings about what is right and not. This is in line with the statement made by Spence et al. (2008), since the general
approach of SMEs seems to be unplanned. This is also supported by the Business Advisor respondent, who claims that lack of planning is a common shortcoming of Swedish SMEs.

Holmberg & Cummings (2009) state analyzing potential partners as the first step of any collaboration in an aim to identify the benefits of different partners and to be able to make a suitable choice. This is in line with our results, since having the same values within a business relationship was described as important. What is considered as benefits and significant values differs between respondents, where examples such as high competence, and good values in terms of sustainability and CSR were given. These results support Dacin et al. (1999) who claim that different aspects of firm behavior are involved in selecting a business relationship, such as economic, political and social aspects.

Something that is not mentioned in the literature review but that we have seen in this study is the approach of outsourcing. It is argued that outsourcing helps SMEs internationalize, since they get help from people with better knowledge of the market and the country they are interested in. The companies that receive these outsourced tasks have greater experience of the given market, they are in most cases already established in the given country with their firms and got a lot of local knowledge and skills when it comes to how to handle the market.

In the theoretical framework (Figure 2), six different approaches are mentioned as useful within the internationalization process of SMEs; identifying benefits with potential business partners, planning, joining clusters, market research, social networks, and events and fairs. When these have been compared to the opinions and views of our respondents, we can see that all of them except planning are supported by our study. Nevertheless, outsourcing is an aspect that is identified as important within our study, but is not mentioned in previous literature.

5.3 The trust-building process
As Tang (2011) states, trust is closely related to commitment, which is supported by the majority of our respondents. Brunetto & Wharton (2007) explain that trust is occurring when two parties have confidence in each other, and that it happens between individuals. The majority of the respondents of this study claim that it is important to deliver on your commitments, in order to gain trust. This goes in line with the literature, since people who
keep what they promise are considered trustworthy by the respondents, in other words, it makes parties have confidence in each other (Brunetto & Wharton, 2007). Moreover, the majority of the respondents agree on trust being something that happens between individuals and not between companies. The respondents that speak about the importance of commitment, honesty and fairness within a business relationship also speak about mutual trust, to be able to rely on the other party. We claim that this is relatable to the definition of trust made by Adler (2001) and Fink & Kessler (2010) who state that trust is based on the response one actor has on the behavior of the other actor. Previous literature, such as Kydd (2000) and Considine (2015), state that trust is a rational choice based on preferences, external outcomes, and whether the other party can be considered as trustworthy or not. This is supported by our respondents, since their explanation of trust handles the other party’s behavior and out of that, they make a rational choice whether to trust the other party or not.

What is worth attention is according to us that all of the respondents consider trust as an important part of international business relationships, some respondents even described it as very critical and crucial for their line of business, nevertheless they all claim that trust is important in all kinds of relationships. Shahmehr et al. (2015) state that trust affects the process of market entrance and performance of an SME, while Morgan & Hunt (1994) argue that trust promotes efficiency, productivity and effectiveness. The majority of the respondents agree on this, they even state that it is a critical factor to start and initiate a new business relationship. In addition, references from existing networks were seen as an element that increases credibility and trustworthiness. Furthermore, they claim that the knowledge and expertise of the other party is an important aspect. Hence, trust does not seem to be anything that characterizes international business relationships in particular. Instead, it is seen by the respondents as the foundation of any relationship, as well as marriage as a relationship between business partners.

We believe that the reason for this might be the fact that only a few of the respondents see the geographical distance as a challenge when it comes to international business relationships. They believe that all the tools that are available in today’s world make it possible to collaborate, despite long distances. Thus, the respondent’s views differ from the theory and Freeman et al. (2006), who state that geographical distance makes it difficult to create mutual trust between business partners. In addition, the respondents do
not agree with Kydd (2000), who claim that mistrust is common in relationships between international actors.

The majority of the respondents argue that trust building is a time-consuming process, which in return can be considered cost consuming as well, which supports Madhok (2006) and Vahlne & Johanson (2013). Nevertheless it was seen by the majority of respondents that it is a privilege to be an SMEs in Sweden regarding its effect on trust, which supports the literature by Fregidou-Malama & Hyder (2015) that the country of origin’s reputation has an effect on developing trust and is important in establishment of relationships when internationalizing. Moreover, Hoffman (2002) states that trust involves risk, which is not supported by the respondents. The respondents mentioned how the process of finding the right business relationship can be risky, but not the trust-aspect itself.

The theoretical framework (Figure 2) includes six aspects of trust that are considered as important based on the literature review; commitment, geographical distance, time-and cost consuming process, risk, mistrust and that it occurs between individuals. Based on the views of our respondents, the aspects that can be confirmed is; commitment, time consuming and that it occurs between individuals. However, geographical distance, risk, and mistrust are not supported by our respondents.

### 5.4 Challenges in the process of internationalization

Barriers and challenges seemed to vary from one respondent to another, nevertheless all respondents related barriers and challenges to the fear of being a small company with less experience in comparison with the big international companies with more employees and specialized departments and higher capabilities. This supports the given literature by Mercandetti et al. (2017) stating that it can have dramatic consequences for SMEs with scarce resources to choose the wrong partner for collaboration. Another aspect mentioned by our respondents is that time is their main barrier, and that keeping up with the cost of time is considered a challenge in their line of businesses. This is seen as a support for given literature by Michaelides et al. (2013) claiming that it takes training and experience in order to collaborate across time barriers. Another aspect of challenges that was seen by our respondents, were having the resources and time since it took a long time for them to see returns. This supports the statement given by Johanson & Vahlne (2003) claiming the
demand of both time and resources in order to build a business network, as it requires a lot of planning.

Our respondents stated different aspects such as bureaucracy, lack of expertise in the international field as challenging, which assisted Michaelides et al. (2013) given arguments about SMEs lacking the experience in solving practical problems when collaborating with foreign actors. Moreover, it was stated by some of our respondents that finding someone who possesses the market knowledge and experience is a main challenge. This supports the given literature by Karagozoglu & Lindell (1998) stating that one of the main barriers that SMEs face in their internationalization process is to find suitable business relationships abroad. Another aspect that was seen as an important aspect to be considered is culture. All respondents highlighted cultural differences, as well as the importance of having cultural awareness and understanding was seen as important and crucial. Nevertheless, the respondents did not see it as a main barrier. However, the respondents support the literature from Schreier et al. (2019) stating the necessity of being aware of cultural differences, in terms of preferences and perceptions that may differ between business partners from different countries and contexts.

In the theoretical framework (Figure 2), four main barriers that SMEs face within their internationalization process are mentioned. These are; lack of resources and knowledge about the market, smallness, finding the right business relationship, and cultural differences. Based on our empirical findings, we can see that smallness and finding the right business relationship are challenges that the majority of our respondents agree on. Moreover, lack of resources and knowledge is also supported, at least when it comes to workforce, knowledge and experience. However, time is one of the resources mentioned in the literature as a barrier, but is only supported by a few of our respondents and cannot be seen as confirmed by this study. In addition, only one of the respondents considers cultural differences as a challenge. The majority of the respondents support the fact that cultural differences exist and need to be considered, but they do not see it as the main barrier.
6. Conclusion

In this chapter, the aim and the research questions are being answered. A theoretical contribution is presented through a model, as well as a practical contribution addressed to SMEs. Limitations of the study are discussed, along with a critical reflection of our approach. Finally, suggestions for future research are presented.

6.1 Discussion of aim and research questions

The aim of the study was to increase the understanding of the role of networks in the internationalization process of SMEs by focusing on finding business relationships for collaboration and developing trust. To be able to answer this aim, we developed two research questions that are discussed below.

6.1.1 What is the role of networks in establishing business relationships for internationalization?

The findings of this study show that networks play a crucial role and are a key factor in finding potential business partners for SMEs, which in turn helps them to internationalize. Networks are identified as something that SMEs need in order to be able to reach international markets, since it helps them to overcome challenges and barriers they face within the process. Networks are considered as a key factor in the internationalization process of SMEs, due to four main reasons; they create new opportunities, add knowledge about the market, add experience, and have synergistic effects.

The findings of this study show that SMEs consider their smallness as a barrier within internationalization, since they have limited resources and knowledge. In addition, SMEs think it is hard to find new business relationships. However, these problems can be solved through networking. Through networks, companies can learn from each other. SMEs use their networks to gain knowledge from companies who have longer experience than themselves of the current market they are interested in. Moreover, networks create opportunities by opening up new paths and ways for development. SMEs use their network’s network to expand their own business relationships, which leads to synergistic effects. By communicating and collaborating with others, SMEs can come up with new products and applications that they would not have been able to do themselves. In this way, they become more attractive and competitive in international markets. The knowledge- and information-sharing aspect of networks is identified as the main reason why networks play such an important role in the internationalization process of SMEs.
The knowledge and information sharing aspect of networks add value to business relationships and helps SMEs develop internationally.

6.1.2 How do SMEs work in order to establish business relationships for internationalization?

Our results show that SMEs use different kinds of approaches to find business relationships that they can use in order to reach international markets, some more common than others. The first step is to identify potential business relationships, where market research and using existing social networks are identified as two prominent approaches. Both these approaches aim to gain information about the market as well as who to get in contact with. Some SMEs join clusters to develop and find new business relationships, while others outsource this task completely, to avoid having to find information and contact people around the world themselves. Some SMEs attend events and fairs abroad to find business relationships.

When SMEs have identified potential business relationships, they need to evaluate them to know if they are the right business relationship to be a part of or not. In this part of the process, SMEs are trying to identify which benefits a certain relationship may have. This is seen as a risky part of the process, but is however something that has to be done. What is important is to see that the other party has something to offer that adds value to the SME. What is considered as value differs between companies, it can be either knowledge, expertise, or the right values. What we can see as a common denominator within this process is networks. Any of these approaches are hard to achieve without networks and on your own, even if an SME wants to do market research or go to events and fairs in order to find new business relationships abroad, it is hard to achieve without having a network or contacts with more knowledge to consult.

When SMEs have found a potential business relationship, they need to establish a relationship by understanding and accepting cultural differences. Another main factor that affects the establishment of the business relationship is the trust-building process. Trust is identified as a necessary part of any relationship. Our results show that SMEs are trying to develop trust through commitment, to be honest, fair, and to deliver what they have promised. Although trust is considered as important in any kind of relationship, whether it is in a marriage or a business relationship, this study shows that it might be even more important in international business relationships due to cultural differences. It has been
found that whether cultural differences are considered a barrier or not, cultural differences are significant and need to be considered by SMEs. SMEs become aware of these differences by knowledge exchange with their networks, attending courses about cultural differences, or simply by learning by doing. In relation to developing trust, cultural differences matter. People from different cultures want to do business in different ways, and they value trust to different degrees. In some cultures, it can take multiple years before you gain their trust and it has a lot to do with personal ties, while trust in other cultures rather is developed by signing a contract.

In terms of culture and trust, this study shows that Swedish SMEs consider themselves to have advantages of being Swedish companies in particular. It is argued that Sweden as a country has a good reputation, which favors SMEs in establishing trust with international actors. They have experienced that they do not have to prove themselves as much as people from other countries and cultures need to, before they gain trust. Thus, this is probably a context-based result of this study, which would differ if the study was conducted in another country and another context.

When SMEs are working to develop trust in order to establish business relationships, they mainly focus on the relationship between individuals. The results show that trust is considered as something that happens between individuals, and not between companies. This is something that SMEs within our study see as important to remember when trust is to be created and developed between parties. To meet this, they are working on transferring relationships by personal meetings and interaction when a person at the company is about to quit and have to be replaced by a new person. In order to develop trust, it has been found that geographical distance between parties is no longer such a major challenge as it has been before. Geographical distance still plays an important role and may make it more difficult to build trust, but it is considered easier nowadays thanks to technology. With the help of the internet, short traveling times, and the opportunities to have video meetings etc., the process of developing trust has been simplified. Based on this study, the process of developing trust seems to be a time-consuming process. However, to develop trust is of great importance for SMEs and their ability to establish business relationships and to reach international markets.

6.2 Contribution of the study

Theoretical contribution
This study has mainly contributed to the literature of international business, in the context of SMEs. Based on the findings, we have developed the theoretical framework (Figure 2) that was created by us out of previous literature presented in our literature review, and made a new model out of it. The new model is based on our empirical findings. This model shows which parts from previous literature that is confirmed by our study, and contributes with new aspects that are used by SMEs within their internationalization process.

![Figure 6: The internationalization process of SMEs based on empirical findings (Source: Own)](image)

What can be seen in this model (Figure 6) is that it differs from the previous theoretical framework (Figure 2) in several aspects. Cultural differences are still an important aspect to consider and take into account in establishing business relationships in order to reach international markets, but it is not one of the main challenges in the internationalization process. The trust aspect is now limited and only parts as commitment, that it is time- and cost-consuming, and the fact that it is based on individuals is kept. In addition, honesty is added. It is shown that being honest is an important part of creating trust with foreign actors. The approach part is now a bit different compared to the original theoretical framework. It still has six aspects, but outsourcing is added and planning is removed. The cultural part of establishing business relationships is still the same, since values,
perceptions, and preferences are supported by our study, they all differ between countries and cultures and has an effect on the relationship. When looking at the benefits side of networks and business relationships, the statement that networks should motivate and trigger SMEs to internationalize is not confirmed by our study, why that aspect is not mentioned in this model. This model contributes to the theoretical field since it rejects some of the aspects that have been presented as important in previous research, as well as contributes to some new ideas.

Managerial contribution

Our results of this study show that SMEs use networks in order to find new business relationships and to internationalize. However, the approaches that are being used by SMEs differ when it comes to what certain activities and procedures they are following. Thus, we believe that this study helps managers of SMEs to find new ways for how they can find potential business relationships and internationalize further. With the help of the model (Figure 6) that we presented as a theoretical contribution, managers can achieve new ideas and be inspired by the approaches of other SMEs. In addition, our study provides a directional guide of which aspects of the internationalization process that are more important than others are for managers of SMEs to consider. A certain approach that SMEs probably would benefit from working more with is planning. Moreover, SMEs can learn from this study by understanding the importance of developing trust among international actors and adapting to cultural differences. This study can encourage SMEs to not stress trust, and later when trust is obtained, not take it for granted. This has proven to be important as trust generally takes a long time to build, while it at the same time easily can be destroyed. Thus, SMEs can learn to carry this with them in their process of establishing international business relationships.

Societal contribution

This study helps SMEs to internationalize, by highlighting important aspects to consider in their internationalization process. That SMEs work with internationalization is important to their own economy and growth, and can in turn can help boost the national economy as well. The study also gives an understanding of the importance of cultural understanding, acceptance, and tolerance, which in turn helps create a diverse community that accepts differences and that is open to different cultures.
6.3 Limitations
Generally, we believe that our respondents all had experience and thus the conditions that were required to be able to answer our questions and to add value to the study. The definition of SMEs that we have used includes a wide range of company sizes, which could mean that their conditions are not comparable. However, before we conducted the interviews, we ensured that all participating companies had the required amount of experience and ambition. Thus, we believe that the varying sizes of the companies did not have any decisive significance. Another limitation is that this study is applied on Swedish SMEs only, which means that only a Swedish perspective is taken into account.

As this study is based on 10 interviews only, it is not generalizable to the total population of SMEs. The unique characteristics of the selected companies as well as the context may have affected the outcome and the results of the study. The fact that we made a qualitative study in the form of semi-structured interviews, which includes interpretation, means that we as researchers must try to remain objective and neutral, something that can never be fully assured. However, we have been aware of these limitations since the beginning, and we have actively tried to minimize them.

As mentioned in the methodology chapter, the majority of the interviews were conducted face-to-face, while others were conducted through video meetings or telephone. This is a limitation since video meetings and telephone interviews mean limited communication, since body language and environment cannot be analyzed to the same extent as in a face-to-face meeting. Thus, it is important to be aware of the fact that this might have affected our experiences of the interviews and thus partly also the results of the study.

6.4 Suggestions for future research
For future research, we would recommend studies to focus on SMEs of the same size, same financial capabilities and same international experience or in the same network or cluster, to be able to accurately examine their role in networking. Through this, it would be interesting to see their participation and collaboration for helping each other achieve their needed goals of internationalizing and finding possible business partners for collaboration. Furthermore, we recommend narrowing the research on small or medium enterprises and not a mix of SME’s seeing the resources and capabilities gap that exists between them. Moreover, it was seen that Swedish companies have a worldwide
reputation that gives SMEs in Sweden an advantage over SMEs from other countries or cultures when it comes to trust. Thus, we recommend having a comparison between SME’s from different cultures to have a better understanding of the effect of trust.

Another suggestion for future research is to conduct a similar study with a sustainability perspective. It has been shown in this study that SMEs experience it as difficult to increase their exports and to reach international markets, and at the same time act in a sustainable way by not flying too much or cooperating with parties that do not have the same values regarding the environment and sustainability as themselves. Therefore, we recommend future studies to focus on how international business relationships can be promoted in a sustainable way, and how networks can be useful and facilitate a sustainable internationalization process of SMEs, through collaboration and shared visions.
Appendix – Interview guide

Interview guide

First, we tell the interviewees about their rights, such as their right to be anonymous and their right to leave the research whenever they want if they change their mind about participation. We tell them about the purpose with the study and ask them if it is okay that we record the interview.

Start-up questions

- Can you please give us a short description of the company?
- Which markets do you currently operate in?
- What is the future plan within the company, when it comes to internationalization?
- What is your position within the company?
- How many employees does the company have?

<table>
<thead>
<tr>
<th>Main questions</th>
<th>Sub-questions (if they are needed depends on the answer on the main question)</th>
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<tbody>
<tr>
<td>- How does the company work in order to reach international markets?</td>
<td>- What does the process looks like?</td>
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<td></td>
<td>- Any specific activities?</td>
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<tr>
<td>- What are the main challenges and barriers that your company face in internationalizing, or entering a new market?</td>
<td>- How do you work in order to overcome these barriers? Is it possible?</td>
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<td>- How would you explain the role or importance of networks and business relationships in the internationalization process of your company?</td>
<td>- What is your company looking for in a network?</td>
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<td></td>
<td>- In what way can networks and relationships be helpful?</td>
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<td></td>
<td>- How do you describe a valuable network?</td>
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<tr>
<td>- How does the company work in order to find potential business relationships in other countries?</td>
<td>- Is there any challenges in trying to find these relationships?</td>
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<td></td>
<td>- Are you worried in choosing the wrong partner?</td>
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<td></td>
<td>- How are collaborations managed?</td>
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<tr>
<td>- Have you noticed any cultural differences between partners in different countries?</td>
<td>- How do you deal with these differences?</td>
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<td></td>
<td>- In which aspects does it differ? Give examples.</td>
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<tr>
<td>- In your opinion, what is the role of trust in business relations with foreign partners?</td>
<td>- When does trust comes to be valuable?</td>
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<td></td>
<td>- What happens if mistrust occurs?</td>
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<td></td>
<td>- Does geographical distance has an effect on trust?</td>
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<tr>
<td>- What does your company do to develop trust with different actors?</td>
<td>- Do you see trust as easy to build or hard to build? Why?</td>
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References


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